

## RSAI Legislative Update

Feb. 11, 2016

These updates are posted on the RSAI legislative web page at <http://www.rsaia.org/legislative.html>. The following provides analysis of this week's statehouse action as the subcommittee action heats up in preparation for next week's first funnel deadline. Thanks for all you do to advocate for Iowa's children! [margaret.buckton@isfis.net](mailto:margaret.buckton@isfis.net)

### First, a note about school funding:

Conference Committee for FY 2017: [SF 174](#) and [SF 175](#) originally set the increase in the state per pupil cost and categorical funds at 4%. House is at 2%. Conference committee appointees include: Reps. Jorgensen, Dolecheck, Stanerson, Ruff, and Winckler and Sens. Bowman, Dvorsky, Quirmbach, Kraayenbrink, and Sinclair. Although the committee met for an organizational meeting to appoint chairs, they have not reconvened since. There may be conversations ongoing between the chambers.

[SF 2092](#) and [SF 2093](#) set 4% for categoricals and regular program district cost for FY 2018 were approved by the Senate and sent to the House. Chairman Quirmbach stated his intent to get them done to meet the 30-day deadline in the law (which is today, Feb. 11). RSAI is registered in favor of these two bills.

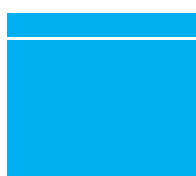
Messages to House and Senate, both sides of the aisle, now through Tuesday, regarding the need for adequate and timely funding, are encouraged. Key talking points:

- Thanks for getting the school funding discussion started early in Session. Keep at it ☺
- Thanks to the Senate for approving bills at 4% for FY 2018.
- Five of the last six years have included per pupil increases below the cost of doing the business of schools. A 2% increase would extend that track record to 6 out of 7.
- Districts with declining enrollment are even worse off, having to make more program and staff reductions to live within tighter constraints.
- In the last five years, state net revenue growth has averaged 4.1% while the cost per pupil growth has averaged 2.0%. Add on the current year 1.25% increase in per pupil cost and 3.3% REC estimate and that spread continues: six year average SSA is 1.87% and state net revenue growth is 3.9%. Schools haven't experienced the economic recovery that the state has enjoyed.
- To put students and opportunities first, we need adequate, predictable and timely funding.

**RSAI Advocacy Resources:** RSAI has updated the legislative page of our website with sample parent letters on adequate school funding and transportation and district cost per pupil inequities. Instructions for writing to legislators are include in the packet found here [Sample Parent Letter on School Funding](#). Also, the transportation and formula equity toolkit has been updated to include the FY 2015 transportation report from the DE. Find those resources here: <http://www.rsaia.org/legislative.html>

**Speaking of equity, [HF 2182](#) DCPPEquity Spending Authority:** This bill is assigned to the House Education Committee and sponsored by 37 House members, of which 3 are Republicans. The bill was created by the Iowa Youth Leadership Congress to address the inequities in the District Cost per Pupil in the formula. The bill allows a budget adjustment, equal to the difference in their District Cost per Pupil and the highest DCPPE in the state, requires the board to pass a resolution claiming the authority and stating their intention to not increase the cash reserve levy for those three years to replenish the cash used to fund the authority. Although this is short term and doesn't help every district, this builds a good bridge to a time with state revenues may be more readily available to solve this problem going forward. RSAI is registered in favor of this bill.

**Cumulative Impact of Tax Cuts on State Revenues:** The list of several significant tax cuts follows with their fiscal impact. These have been approved since 2013, with either bipartisan legislative approval or executive branch rules action. Combined they reduce state revenues or redirect funds at an estimated amount of \$330-\$370 million impacting the FY 2017 budget.



- **2013: Commercial and industrial property tax credit**
  - **Commercial and Industrial Property Tax Replacement:** The Governor’s FY 2017 recommendation includes \$154.6 million, an increase of \$2.1 million, to fund the payment of all commercial and industrial property tax replacement claims for FY 2017. The appropriation will reimburse local governments for the property tax reductions
  - **Business Property Tax Credit:** Iowa Code section 426C.2 provides a standing limited General Fund appropriation to fund the tax credit. The appropriation is equal to \$50.0 million for FY 2015, \$100.0 million for FY 2016, and \$125.0 million for FY 2017 and each year thereafter.
  - **State Aid impact in School Formula** \$25 million in FY 2017
  - **Expanded Earned Income Tax Credit** for low income lowans \$31 million in FY 2017
- **2016: Business exemptions**
  - **DOR change in definition for sales tax exemptions:** change in definition via administrative rules expands exempt items, lowering state revenues by an estimated \$30-\$70 million annually.
  - **Proposed HF 2092 federal coupling bill:** generally conforms Iowa’s tax laws with changes to the federal Internal Revenue Code (IRC) made since January 1, 2015. (Approved by House) \$98 million in FY 2016. No action yet in the Senate.

**Governor’s SAVE/Water Quality Bill is Introduced and assigned to the Agriculture Committee**  
[HSB 601](#) by the Governor has been assigned to a Subcommittee with members Rep. Hein, Miller and Cownie. Here are the bill details impacting SAVE which begin on page 8 of the bill:

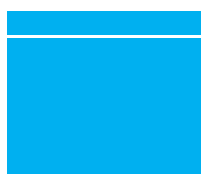
- FY17 amount to SAVE is the same as FY 16
- Beginning July 1, 2017, the 6<sup>th</sup> penny allocation to SAVE increases \$10 million annually
- Extends the sixth penny until Jan. 1, 2050
- All additional growth goes to 3 areas:
  - 25% to wastewater and drinking water treatment finance assistance fund
  - 25% to water quality financing program fund
  - 50% to Dept. of Agriculture and Land Stewardship for water quality infrastructure cost share program, assisting land owners with implementing water quality practice and water quality demonstration projects
- Adds “Water quality” to the list of allowable uses for the 6<sup>th</sup> penny.
- Unsure of PTER fund carve out, currently 2.1% of SAVE fund per Iowa Code 423F.2(3) and whether that will still be based on the total amount including growth, diverted or not, or whether it’s based on the SAVE fund allocation.

RSAI is registered undecided on this bill, but hoping to continue the conversation to improve it or better yet, support one of the House Education options that include resources for high transportation costs.

#### Committee Action this Week:

[SF 2009 PK for 5-year Olds:](#) this bill would allow five-year old children who had not attended preschool to be enrolled in the statewide voluntary preschool program. The bill is effective for school years beginning July 1, 2017. The bill was approved by the Senate Education Committee with 13 in favor and none opposed. RSAI will continue to monitor this bill which has a companion bill in the Senate.

[SSB 3047 BOEE Fees:](#) This bill, authored by the BOEE, was in response to the Administrative Rules Review Committee Session delay on BOEE proposed rules which would otherwise have increased BOEE fees for teachers and administrators to obtain or renew an Iowa license. The bill originally would have allowed the BOEE to retain all fees collected, but was amended to prohibit the BOEE from raising licensure fees for a short period of time and capped a carry-forward amount allowed for the BOEE to retain in a subsequent fiscal year. RSAI will continue to monitor this bill which has a companion bill in the Senate.



**HF 2034 Professional Development Flexibility:** This bill would allow districts to use PD supplement funds for textbooks and curriculum when PD is included in the price of the textbook/curriculum purchase. It is our understanding that the approval for spending these funds is still subject to the blessing of the teacher quality committee that directs the use of the PD supplement per student. RSAI is registered in favor of this bill. It was moved forward on party lines, republicans in favor and democrats opposed, by the Education Committee.

**HSB 546 Disciplinary Actions reported to BOEE:** This bill adds to the list of disciplinary actions involving licensed employees required to be reported to the BOEE, being on school premises or at a school-sponsored activity involving students while under the influence of possessing, using, or consuming illegal drugs, unauthorized drugs, or alcohol. The Education Committee approved the bill with 19 votes in favor, 4 absent or not voting. RSAI will continue to monitor this bill which has a companion bill in the Senate.

**HF 2101 Varsity Athletics Eligibility of Students in Open Enrollment:** This bill adds to the list of conditions allowing an open enrolled student to immediately participate in varsity athletics, if the district of residence determines that the student was previously subject to a founded incident of bullying or harassment while attending school in the district of residence. The bill was approved by the Education Committee 19 in favor, 4 absent or not voting. RSAI will continue to monitor this bill which has a companion bill in the Senate.

**HSB 556 PERB Records:** This bill, requested by PERB, makes evidence submitted to PERB related to the certification or decertification of a union a confidential record. The bill was approved in the House Labor Committee with 17 in favor, none opposed. RSAI will continue to monitor this bill which has a companion bill in the Senate.

**SSB 3020 Secretary of State Technical Corrections Bill:** The bill makes technical corrections regarding school board elections following reorganization and the process for a school board vacancy. The bill specifies that a person appointed to the school board serves until the next regular school election, unless there is an intervening special election for the school district. RSAI is registered in favor of this bill.

**SSB 3109 Child Mental Health:** This bill appropriates \$300,000 for planning grants for the development of child mental health services. The bill directs the Department of Human Services (DHS) to work with the Department of Public Health, the DE and the Judicial Branch on an RFP based on the recommendations for children's MH crisis services from the report submitted to DHS last December. Directs the DHS to establish guidelines for well-being for children with complex needs and to select 3-5 programs as learning labs. The Senate Human Services Committee approved the bill with 13 in favor, none opposed.

***Thank you for all of your advocacy and support this Legislative Session!*** We will report further action when it happens, including Governor's approval and vetoes during the next 95 days (and longer if recent history repeats itself). In the meantime, keep advocating for the students in your schools!

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